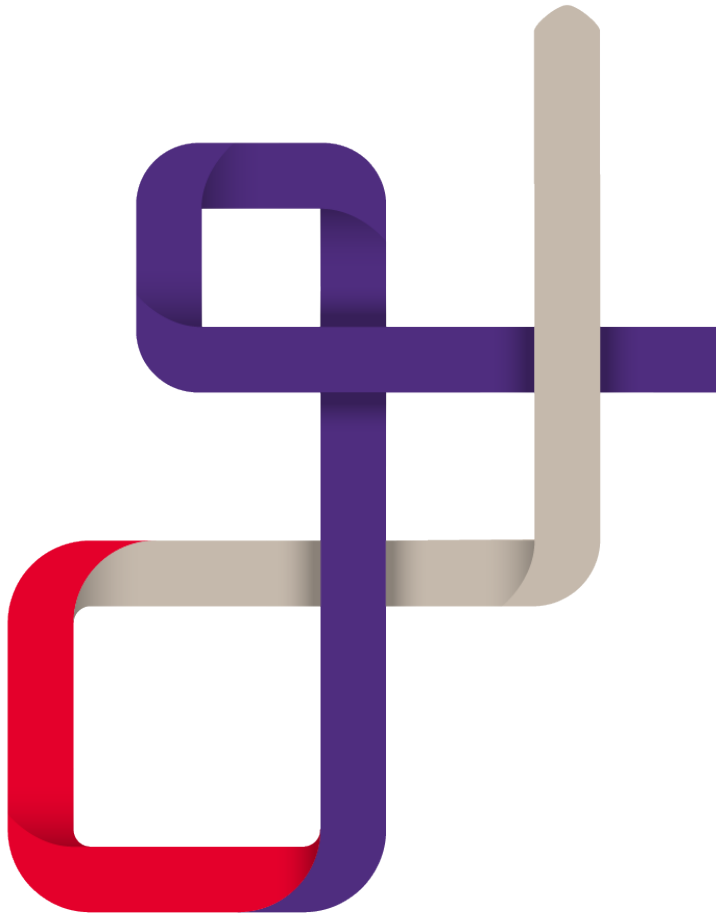




Grant Thornton

An instinct for growth™

Internal audit effectiveness reviews



A changing environment

In the current climate it is more important than ever for internal audit to be seen as a credible business partner, able to identify control weaknesses that may undermine business drivers or breach regulatory requirements.

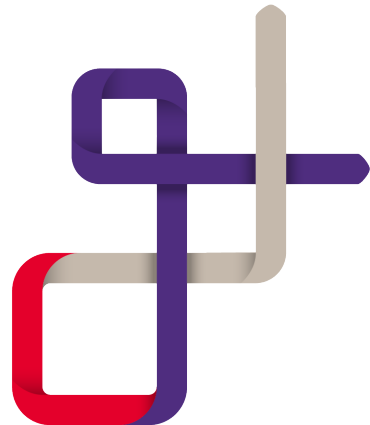
The regulatory environment is becoming more demanding of boards and their audit committees who need independent assurance that they can rely on internal audit. The need for the internal audit profession to be recognised as essential to the success of an organisation has been reflected by the Chartered Institute of Internal Auditors (CIIA) in their strategic vision and recommendations on effective internal audit in the financial services sector.

Internal audit functions need to position themselves to enable effective delivery of these increasing expectations.

Raising the standards

Grant Thornton is well placed to provide you with independent assurance on the effectiveness of your internal audit function. Our extensive experience in the financial services sector, enables us to:

- provide you with an assessment on whether your internal audit function meets the new challenges of the CIIA's revised code, and requirements of the Central Bank of Ireland, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA);
- help you perform a gap analysis against CIIA standards and the CIIA code, taking into account the size of your organisation, as a separate exercise or as part of a wider internal audit effectiveness review;
- provide a view on the appropriateness and scalability of your internal audit function;
- benchmark you against high performing peers across the industry and against organisations of a similar size; and
- work with you to develop and implement internal audit improvement plans.



Our approach

Grant Thornton has developed a specific methodology for performing Internal Audit Effectiveness Reviews (IAERs) which is tailored to meet individual client requirements. Our approach goes beyond the requirements of the CIIA standards and adds value by considering the bigger picture of internal audit, not just ticking boxes from a desk top file review.

We believe that the components set out below are fundamental to the success of internal audit. Our approach is to provide an in-depth assessment of each of these using our Grant Thornton effectiveness assessment methodology.



Plan

Plan

The importance of a robust planning process sets the tone and scope of the contribution that internal audit makes towards the success of an organisation. It should be risk based, flexible and aligned to the strategic business drivers and risk appetite set by the board and the operating plan of the business.



Performance

Performance

A methodology should provide a structure for auditors to work within, producing a clear, repeatable audit trail of evidence to support audit observations, whilst not stifling the thought process. A sound quality assurance process needs to be in place which is risk based in its approach and drives quality throughout the function.



People

People

Fundamental to an internal audit function is the quality of its people. Auditors should be adequately trained, developed and



Profile

their performance assessed to ensure that skills and experience are maximised and maintained.

Profile

The profile and standing of an internal audit function is one of its greatest assets. We will evaluate the role, reputation and impact of internal audit in the organisation and its independence and objectivity.

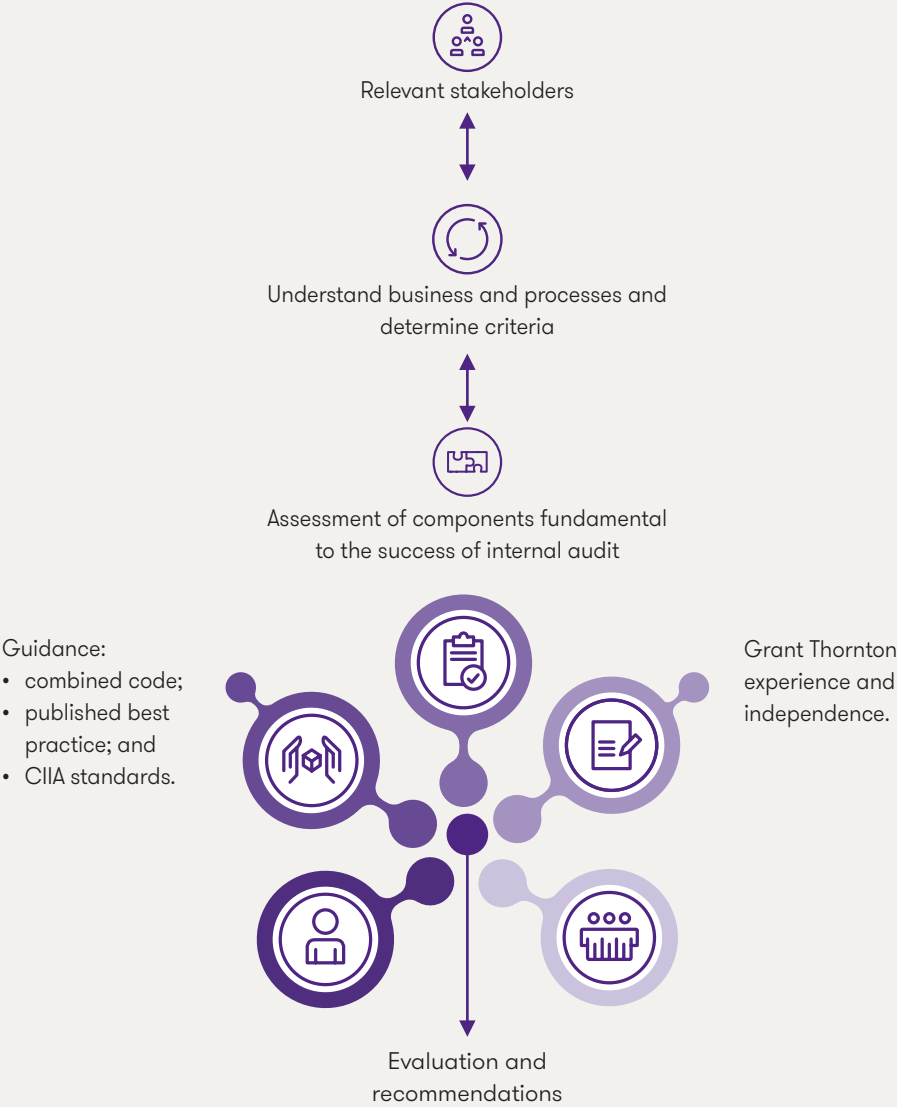


Product

Product

We will assess the quality of the output from the internal audit function. Audit messages should be compelling and reported in a timely, clear and concise way. Audit issues should be evidence based as well as need to reflect a sound understanding of the business and associated risks. Recommendations need to make a real difference towards the improvement of the control environment.

Our methodology



Our approach is to perform targeted structured interviews with key stakeholders and senior internal audit staff which, together with a detailed review of documentation, enable us to provide an opinion on the quality and effectiveness of the internal audit function and its people.

What are the key benefits of an internal audit effectiveness review?

As the third line in the 'three lines of defence' model, internal audit's role is to identify any weaknesses in the first and second lines and to provide independent assurance to stakeholders on the control environment of the firm. The position of internal audit must be clear, objective and independent. It should also work in harmony with the first and second line to ensure an integrated risk management framework.

- an IAER will evaluate the role, reputation and impact of internal audit in the organisation, its independence and objectivity;
- an IAER provides an independent opinion on the current quality and value provided by the internal audit function in supporting key business drivers and firm-wide strategy;
- IAERs offer positive assurance and comfort for audit committees; that their internal audit opinion can be relied upon, that the function is fit for purpose and is compliant with enhanced CIIA standards and guidance; and
- IAERs benchmark the internal audit function against CIIA standards and industry best practice, highlighting areas for improvement, enabling internal audit to stay ahead of the game.

The CIIA requires independent external assessments to be conducted at least once every five years. However, in response to the increasing challenges facing internal audit, some firms are now completing these assessments much more frequently.

Why Grant Thornton?

- our market focus covers all aspects of the financial services sector in terms of internal audit, risk and technology, with particular emphasis on banking, securities, insurance and investment management;
- we regularly undertake IAERs of internal audit functions in the financial services and corporate sectors ranging across organisations of all sizes;
- IAERs are performed by senior, experienced people who have held senior roles in internal audit departments. Our team will draw on their internal audit and industry experience, as well as the provision of similar services to clients, to deliver a first class service; and
- we understand that there is no 'one size fits all' for internal audit functions and the most important element of our review will be to consider whether internal audit is fit for purpose for the business it supports, taking into account proportionality.

How Grant Thornton can help

Grant Thornton will perform a structured review of your internal audit function using our proven methodology in Ireland and globally as required. Based on our understanding of the CIIA standards and industry best practice, we can provide positive assurance where the function is fit for purpose and also recommend changes and realistic action plans that would enhance effectiveness. Using our first-hand knowledge from working with the internal audit functions of small and medium sized enterprises as well as major financial services firms, we will benchmark your internal audit function against your high performing peers.

Your review will be delivered by a focused team of our most senior internal audit specialists. Their experience comes from time spent in senior management roles within the industry as well as from the provision of similar services to clients. This allows us to understand your needs and to tailor our approach in the context of your business to maximise our efforts to support you.

Key management contacts for our Internal Audit Effectiveness team



Sara McAllister

Director, Business Risk
Services

T +353 (0)1 680 5716

E sara.mcallister@ie.gt.com



Paul Carroll

Associate Director,
Business Risk Services

T +353 (0)1 433 2563

E paul.carroll@ie.gt.com



Rory Flanagan

Manager, Business Risk
Services

T +353 (0)1 433 2507

E rory.flanagan@ie.gt.com

Offices in Dublin, Belfast, Cork, Galway, Kildare, Limerick and Longford.



www.grantthornton.ie



[@GrantThorntonIE](https://twitter.com/GrantThorntonIE)



[Grant Thornton Ireland](https://www.linkedin.com/company/grant-thornton-ireland/)

This briefing is provided for general information purposes only and is not a comprehensive or complete statement of the issues to which it relates. It should not be used as a substitute for advice on individual cases. Before acting or refraining from acting in particular circumstances, specialist advice should be obtained. No liability can be accepted by Grant Thornton for any loss occasioned to any person acting or refraining from acting as a result of any material in this briefing.

© 2017 Grant Thornton Ireland. All rights reserved. Authorised by Chartered Accountants Ireland ("CAI") to carry on investment business.